

70-1160

WRIGHT TOWNSHIP

Ottawa County, Michigan

Comprehensive Annual Financial Report

For the year ended March 31, 2004

RECEIVED
DEPT. OF TREASURY

AUG 23 2004

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LOCAL AUDIT & FINANCE DIV.

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Wright Township	County Ottawa
Audit Date 6/21/04	Opinion Date 6/21/04	Date Accountant Report Submitted to State: 8/1/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

Hungerford, Aldrin, Nichols & Carter, P.C.

Street Address

2910 Lucerne Drive SE

City

Grand Rapids

State

MI

ZIP

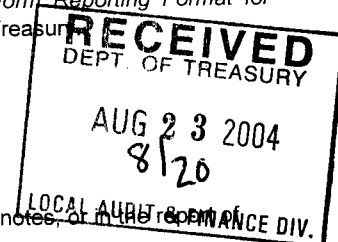
49546

Accountant Signature

Hungerford, Aldrin, Nichols & Carter, P.C.

Date

Aug. 19, 2004



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For the year ended March 31, 2004

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, PC
CPAs AND CONSULTANTS

Shareholders

Clifford A. Aldrin, CPA
Jerry W. Nichols, CPA
Daniel L. Carter, CPA
Richard L. Chrisman, CPA
Peggy A. Murphy, CPA
Phillip W. Sauman, CPA
Mitchell C. Burgers, CPA
Carla A. Grant, CPA
Thomas C. Prince, CPA

INDEPENDENT AUDITOR'S REPORT

June 21, 2004

The Township Board
Wright Township
Ottawa County, Michigan

We have audited the accompanying general purpose financial statements of Wright Township as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the elected officials and management of Wright Township. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Wright Township as of March 31, 2004, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2004, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplemental information and other information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Wright Township. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants



Member
Accountants Global
Network International

Centennial Park East 2910 Lucerne Drive, S.E. Suite 200 Grand Rapids, Michigan 49546-7175
Phone: (616) 949-3200 Fax: (616) 949-7720 E-Mail: postmaster@hanc.com

GENERAL PURPOSE FINANCIAL STATEMENTS

WRIGHT TOWNSHIP
Combined Balance Sheet - All Fund Types and Account Groups
March 31, 2004

	Governmental Fund Types			Proprietary Fund Type
	General	Debt Service	Capital Projects	Enterprise
Assets				
Cash (Note C)	\$ -	\$ 707	\$ -	\$ 43,581
Deposits (Note C)	728,311	-	-	119,017
Investments (Note C)	130,752	-	-	-
Receivables:				
Taxes (Note D)	25,128	-	-	-
Accounts (Note G)	-	-	-	63,775
Special assessments (Note G)	-	84,983	-	-
Due from property tax roll (Note G)	-	-	-	2,689
Due from other funds (Note E)	10,018	51,974	-	-
Due from other governmental units	32,051	-	-	-
Fixed assets (Note H, I)	-	-	-	25,502
Amount available in Debt Service Funds	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total Assets	\$ 926,260	\$ 137,664	\$ -	\$ 254,564
Liabilities and Fund Equity				
Liabilities				
Accounts payable	\$ 4,697	\$ -	\$ -	\$ 12,251
Due to other funds (Note E)	51,974	-	-	10,000
Due to other governmental units	-	-	-	45,944
Deferred revenue (Note G)	-	84,983	-	-
Payroll withholdings payable	-	-	-	-
Accrued interest payable	-	-	-	-
Escrow deposits	-	-	-	-
General obligation bonds payable (Note K)	-	-	-	-
Special assessment bonds payable (Note K)	-	-	-	-
Revenue bonds payable (Note K)	-	-	-	-
Total Liabilities	56,671	84,983	-	68,195
Fund Equity				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	218,592
Retained earnings:				
Unreserved:	-	-	-	(32,223)
Fund balances:				
Reserved for capital outlay	-	-	-	-
Reserved for debt service	-	52,681	-	-
Reserved for cemetery perpetual care	-	-	-	-
Unreserved:				
Undesignated	869,589	-	-	-
Total retained earnings/fund balances	869,589	52,681	-	(32,223)
Total Fund Equity	869,589	52,681	-	186,369
Total Liabilities and Fund Equity	\$ 926,260	\$ 137,664	\$ -	\$ 254,564

The notes to financial statements are an integral part of this statement.

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-term Debt	2004	2003
Trust and Agency				
\$ 13,949	\$ -	\$ -	\$ 58,237	\$ 127,630
19,441	-	-	866,769	612,627
-	-	-	130,752	178,770
-	-	-	25,128	27,270
-	-	-	63,775	27,384
-	-	-	84,983	93,619
-	-	-	2,689	2,415
-	-	-	61,992	61,992
-	-	-	32,051	38,857
-	318,830	-	344,332	351,018
-	-	52,681	52,681	55,042
-	-	422,319	422,319	439,958
<u>\$ 33,390</u>	<u>\$ 318,830</u>	<u>\$ 475,000</u>	<u>\$ 2,145,708</u>	<u>\$ 2,016,582</u>
\$ -	\$ -	\$ -	\$ 16,948	\$ 63,963
18	-	-	61,992	61,992
8,393	-	-	54,337	607
-	-	-	84,983	93,619
-	-	-	-	582
-	-	-	-	315
13,931	-	-	13,931	15,828
-	-	360,000	360,000	370,000
-	-	115,000	115,000	125,000
-	-	-	-	29,000
22,342	-	475,000	707,191	760,906
-	318,830	-	318,830	313,530
-	-	-	218,592	218,592
-	-	-	(32,223)	(85,793)
-	-	-	-	40,004
-	-	-	52,681	55,042
11,048	-	-	11,048	13,451
-	-	-	869,589	700,850
11,048	-	-	901,095	723,554
11,048	318,830	-	1,438,517	1,255,676
<u>\$ 33,390</u>	<u>\$ 318,830</u>	<u>\$ 475,000</u>	<u>\$ 2,145,708</u>	<u>\$ 2,016,582</u>

WRIGHT TOWNSHIP
Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - All Governmental Fund Types
For the year ended March 31, 2004

	Governmental Fund Types		
	General	Debt Service	Capital Projects
Revenues			
Taxes	\$ 459,456	\$ -	\$ -
Licenses and permits	17,700	-	-
Federal sources	-	-	74,622
State sources	253,245	-	-
Charges for services	6,903	-	-
Fines and forfeitures	70	-	-
Interest and rentals	5,674	5,522	-
Other revenue	3,489	8,636	-
Total Revenues	746,537	14,158	74,622
Expenditures			
Current:			
Legislative	3,374	-	-
General government	146,072	-	-
Public safety	152,395	-	-
Public works	316,139	-	-
Recreational and cultural	-	-	-
Other township	21,179	-	-
Capital outlay	-	-	26,737
Debt service:			
Principal repayment	-	20,000	-
Interest and fiscal charges	-	23,230	-
Total Expenditures	639,159	43,230	26,737
Excess (Deficiency) of Revenues Over Expenditures	107,378	(29,072)	47,885
Other Financing Sources (Uses)			
Operating transfers in	88,072	26,711	-
Bond proceeds	-	-	-
Operating transfers out	(26,711)	-	(87,889)
Total Other Financing Sources (Uses)	61,361	26,711	(87,889)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	168,739	(2,361)	(40,004)
Fund Balances, April 1	700,850	55,042	40,004
Fund Balances, March 31	\$ 869,589	\$ 52,681	\$ -

The notes to financial statements are an integral part of this statement.

Totals (Memorandum Only)	
2004	2003
\$ 459,456	\$ 434,975
17,700	20,391
74,622	338,932
253,245	273,055
6,903	4,414
70	376
11,196	13,531
12,125	104,656
835,317	1,190,330
3,374	4,265
146,072	163,882
152,395	152,361
316,139	371,271
-	2
21,179	28,145
26,737	857,745
20,000	15,000
23,230	21,705
709,126	1,614,376
126,191	(424,046)
114,783	28,527
-	510,000
(114,600)	(28,406)
183	510,121
126,374	86,075
795,896	709,821
\$ 922,270	\$ 795,896

WRIGHT TOWNSHIP
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund
For the year ended March 31, 2004

	General Fund		Variance- Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 460,960	\$ 459,456	\$ (1,504)
Licenses and permits	13,345	17,700	4,355
State sources	250,000	253,245	3,245
Charges for services	7,790	6,903	(887)
Fines and forfeitures	150	70	(80)
Interest and rentals	3,500	5,674	2,174
Other revenue	1,260	3,489	2,229
Total Revenues	<u>737,005</u>	<u>746,537</u>	<u>9,532</u>
Expenditures			
Current:			
Legislative	6,000	3,374	2,626
General government	175,200	146,072	29,128
Public safety	165,500	152,395	13,105
Public works	400,500	316,139	84,361
Other township	24,100	21,179	2,921
Total Expenditures	<u>771,300</u>	<u>639,159</u>	<u>132,141</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(34,295)</u>	<u>107,378</u>	<u>141,673</u>
Other Financing Sources (Uses)			
Operating transfers in	-	88,072	88,072
Operating transfers out	(27,000)	(26,711)	289
Total Other Financing Sources (Uses)	<u>(27,000)</u>	<u>61,361</u>	<u>88,361</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(61,295)</u>	<u>168,739</u>	<u>230,034</u>
Fund Balances, April 1	<u>700,850</u>	<u>700,850</u>	<u>-</u>
Fund Balances, March 31	<u>\$ 639,555</u>	<u>\$ 869,589</u>	<u>\$ 230,034</u>

The notes to financial statements are an integral part of this statement.

WRIGHT TOWNSHIP
Combined Statement of Revenues, Expenses and Changes In
Retained Earnings/Fund Balances - Proprietary Fund Type and Nonexpendable Trust Fund
For the year ended March 31, 2004

	Proprietary Fund Sewer Enterprise	Nonexpendable Trust Fund Cemetery Perpetual Care	Totals (Memorandum Only)	
			2004	2003
Operating Revenues				
Charges for services	\$ 68,527	\$ 1,000	\$ 69,527	\$ 80,795
Permits for connection	400	-	400	-
Penalties	1,263	-	1,263	2,873
Total Operating Revenues	<u>70,190</u>	<u>1,000</u>	<u>71,190</u>	<u>83,668</u>
Operating Expenses				
Salaries	1,400	-	1,400	1,400
Social Security taxes	107	-	107	117
Office supplies	282	-	282	393
Legal fees	5,165	-	5,165	14,960
Engineering fees	53,750	-	53,750	15,079
Insurance and bonds	-	-	-	250
Utilities	1,892	-	1,892	1,597
Repair and maintenance	24,497	-	24,497	19,823
Land improvements	-	3,375	3,375	-
Depreciation	11,986	-	11,986	11,986
Total Operating Expenses	<u>99,079</u>	<u>3,375</u>	<u>102,454</u>	<u>65,605</u>
Operating Income (Loss)	<u>(28,889)</u>	<u>(2,375)</u>	<u>(31,264)</u>	<u>18,063</u>
Nonoperating Revenues (Expenses)				
Interest earnings	597	155	752	1,155
Reimbursement of expenses	81,862	-	81,862	-
Operating transfers out	-	(183)	(183)	(121)
Interest expense	-	-	-	(1,515)
Engineering fees settlement	-	-	-	(52,500)
Total Nonoperating Revenues (Expenses)	<u>82,459</u>	<u>(28)</u>	<u>82,431</u>	<u>(52,981)</u>
Net Income (Loss)	<u>53,570</u>	<u>(2,403)</u>	<u>51,167</u>	<u>(34,918)</u>
Retained Earnings/Fund Balances, April 1	<u>(85,793)</u>	<u>13,451</u>	<u>(72,342)</u>	<u>(37,424)</u>
Retained Earnings/Fund Balances, March 31	<u>\$ (32,223)</u>	<u>\$ 11,048</u>	<u>\$ (21,175)</u>	<u>\$ (72,342)</u>

The notes to financial statements are an integral part of this statement.

WRIGHT TOWNSHIP
Combined Statement of Cash Flows - Proprietary
Fund Type and Nonexpendable Trust Fund
For the year ended March 31, 2004

	Proprietary Fund Sewer Enterprise	Nonexpendable Trust Fund Cemetery Perpetual Care	Totals (Memorandum Only)	
			2004	2003
Cash Flows From Operating Activities				
Cash received from customers	\$ 91,720	\$ 1,000	\$ 92,720	\$ 82,688
Cash payments to suppliers for goods and services	(80,353)	(3,375)	(83,728)	(49,624)
Cash payments to employees for services	(1,507)	-	(1,507)	(1,517)
Net Cash Provided By (Used For) Operating Activities	<u>9,860</u>	<u>(2,375)</u>	<u>7,485</u>	<u>31,547</u>
Cash Flows From Capital and Related Financing Activities				
Nonoperating revenues	69,611	-	69,611	-
Nonoperating expenses	(52,500)	(183)	(52,683)	(121)
Principal repayment	(29,000)	-	(29,000)	(11,000)
Interest paid	(315)	-	(315)	(1,600)
Net Cash Used For Capital and Related Financing Activities	<u>(12,204)</u>	<u>(183)</u>	<u>(12,387)</u>	<u>(12,721)</u>
Cash Flows From Investing Activities				
Interest received on deposits and investments	<u>597</u>	<u>155</u>	<u>752</u>	<u>1,155</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>(1,747)</u>	<u>(2,403)</u>	<u>(4,150)</u>	<u>19,981</u>
Cash and Cash Equivalents, beginning of year	<u>164,345</u>	<u>13,451</u>	<u>177,796</u>	<u>157,815</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 162,598</u></u>	<u><u>\$ 11,048</u></u>	<u><u>\$ 173,646</u></u>	<u><u>\$ 177,796</u></u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities				
Operating income (loss)	<u>\$ (28,889)</u>	<u>\$ (2,375)</u>	<u>\$ (31,264)</u>	<u>\$ 18,063</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	11,986	-	11,986	11,986
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(24,140)	-	(24,140)	(1,025)
(Increase) decrease in due from property tax roll	(274)	-	(274)	45
Increase (decrease) in accounts payable	5,233	-	5,233	2,478
Increase (decrease) in due to other governmental units	45,944	-	45,944	-
Total adjustments	<u>38,749</u>	<u>-</u>	<u>38,749</u>	<u>13,484</u>
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ 9,860</u></u>	<u><u>\$ (2,375)</u></u>	<u><u>\$ 7,485</u></u>	<u><u>\$ 31,547</u></u>

The notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

WRIGHT TOWNSHIP
Notes to Financial Statements
March 31, 2004

Note A – Description of the Township

Wright Township was organized as a general law township under applicable laws of the State of Michigan and is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and two Trustees, each of whom is elected for a four year term of office. The Township provides the following services to its residents as provided by statute: public safety (police, fire and inspections), highways and streets, sanitation, parks and recreation, cultural, public improvements, planning and zoning, general administrative and other services.

Note B – Summary of Significant Accounting Policies

The Reporting Entity

The financial statements of Wright Township contain all the funds and account groups that are controlled by, or dependent on, the Township's executive or legislative branches. Control by, or dependence on, the Township was determined on the basis of appointment of the governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligation of the Township to finance any deficits that may occur, receipt of significant subsidies from the Township, disposition of surplus funds, the ability to significantly influence operations and primary financial accountability for fiscal matters.

Basis of Presentation - Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Township resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three broad fund categories and three generic fund types as follows:

Governmental Funds

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Funds are used to account for the accumulation of financial resources for, and the payment of, long-term debt principal, interest and related costs for the bond issues of the Township.

Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, renovation or repair of major capital facilities.

Proprietary Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

WRIGHT TOWNSHIP
Notes to Financial Statements
March 31, 2004

Fiduciary Funds

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Nonexpendable Trust and Agency funds. Nonexpendable Trusts are accounted for in a manner to assure that the principal endowment has remained intact. Agency Funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund types of the Township are recorded in the General Fixed Assets Account Group at cost, or estimated historical cost, if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain ("infrastructure") general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are not capitalized.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. The fixed assets of proprietary funds are valued at historical cost.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided using the straight-line method over the estimated useful lives of the related assets as follows:

Sewer facilities

50 years

Long-Term Liabilities

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Long-term liabilities expected to be financed from governmental funds are accounted for in General Long-Term Debt Account Group, not in the governmental funds. Long-term debt incurred for acquisitions of the proprietary fund is recorded in that fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

WRIGHT TOWNSHIP
Notes to Financial Statements
March 31, 2004

All governmental funds and fiduciary funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include real property taxes, state shared revenues and charges for services. Most licenses and permits, local intergovernmental and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

For purposes of the Statement of Cash Flows, the Enterprise Fund and the Nonexpendable Trust Fund consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Budgets and Budgetary Accounting

The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The Township General Fund is under budgetary control as required by the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan.
- The budget is generated with input from the Clerk, Treasurer, Supervisor and Township Trustees.
- The completed budget is then presented to Township electors at a public budget hearing in March, at which time taxpayer comments and recommendations are heard. This operating budget includes proposed expenditures and the means of financing them for the General Fund.
- At the first public meeting in April the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
- Appropriations are authorized by resolution at the department level. This is the legal level of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets.
- The budget is adopted on a basis consistent with generally accepted accounting principles.
- Budgets may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.

WRIGHT TOWNSHIP
Notes to Financial Statements
March 31, 2004

- The original General Fund budget was amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budget as amended by the Township.
- The "Unfavorable Variances" as shown on the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund were not material violations as described in Public Act 621, the State of Michigan Uniform Budgeting and Accounting Act, due to the conditions and events that gave rise to the violations and the adequacy of the Township's budgetary system to detect such violations.

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Township's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Note C – Cash, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.

WRIGHT TOWNSHIP
Notes to Financial Statements
March 31, 2004

- In commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
- In United States government or federal obligation repurchase agreements.
- In bankers' acceptances of United States banks.
- In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- In surplus funds investment pools.

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Comerica Bank
2. Fifth Third Bank
3. Bank One
4. Huntington National Bank

Balances at March 31, 2004 related to cash, deposits and investments are detailed on the combined balance sheet as follows:

Cash	\$ 58,237
Deposits	866,769
Investments	<u>130,752</u>
	<u>\$ 1,055,758</u>

Cash consists of cash on hand and bank checking accounts. Deposits consist of bank interest earning savings and money market accounts and certificates of deposit.

Cash and Deposits

Cash and deposits at March 31, 2004, as shown by carrying amount and bank balance, and classified by categories of credit risk, are itemized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured – FDIC	\$ 139,238	\$ 139,238
Uninsured:		
Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging bank or its trust department or agent but not in the Township's name.)	<u>785,768</u>	<u>788,563</u>
	<u>\$ 925,006</u>	<u>\$ 927,801</u>

WRIGHT TOWNSHIP
Notes to Financial Statements
March 31, 2004

Investments

The Bank Investment Pools consist of monies advanced for investment with accounts established in the Township's name within the pools. Interest earnings from the subsequent reinvestment of the pooled funds are credited to the Township on a pro-rata basis in relation to its percentage of deposits in the pool. These investments, with fair market value which approximates cost, are not categorized because participation in such funds does not result in direct ownership of individual securities, but rather shares. However, the investments in the pools are classified as Risk Level 1 because these investments are held by the Fund or its agent in the name of the Fund. Balances at March 31, 2004 are as follows:

Uninsured/Uncategorized :

Huntington National Bank:	
Pooled Investment Account	\$ 109,024
Bank One:	
Pooled Investment Account	69,746
	<u>\$ 130,752</u>

Note D – General Property Taxes

Property taxes for the Township and Ottawa County become due and payable on December 1 of each year. Property taxes for school districts become due and payable on July 1 and December 1, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Township property tax revenues are recognized in the General Fund in the fiscal year levied, to the extent they are measurable and available. The 2003 property tax roll, levied December 1, 2003, represents revenue for the fiscal year ended March 31, 2004.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Ottawa County, Grand Rapids Community College, Ottawa and Kent Intermediate School Districts, Northeast Ottawa Library District, Coopersville Public Schools, Kenowa Hills Public Schools and Sparta Area Schools. Collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

The Township is permitted to levy up to 1.1 mills of general property taxes on the assessed valuation in the Township. Due to the effect of the Headlee Amendment, the actual tax levy was reduced to 1.0205 mills for 2003 general operations. The Township also levied 0.5938 mills for fire department operations and 3.6865 mills for road maintenance.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	2003	2002	2001	2000
Township taxes levied	\$ 444,336	\$ 431,146	\$ 410,173	\$ 388,182
Taxes collected:				
Current to March 1	417,731	399,986	385,278	359,563
Total to March 31, 2004	417,731	431,146	410,173	388,182
Percentages of collections:				
Current to March 1	94.01%	92.77%	93.93%	92.63%
Total to March 31, 2004	94.01%	100.00%	100.00%	100.00%

WRIGHT TOWNSHIP
Notes to Financial Statements
March 31, 2004

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon Taxable Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for 2003 are compared with prior years in the following summary:

Year	Real	Personal	Total
2003	\$ 77,590,933	\$ 6,238,500	\$ 83,829,433
2002	74,212,748	6,295,843	80,508,591
2001	71,140,250	5,615,780	76,756,030
2000	66,355,353	5,790,031	72,145,384
1999	62,994,989	5,226,823	68,221,812
1998	60,808,463	5,044,500	65,852,963
1997	57,907,084	4,934,180	62,841,264

Note E – Due From/To Other Funds

Amounts due from/to other funds representing inter fund receivable and payable balances at March 31, 2004 are detailed as follows:

	Due From	Due To
General Fund:		
2003 Special Assessment Debt Service Fund	\$ -	\$ 51,974
Sewer Enterprise Fund	10,000	-
Trust Account Agency Fund	18	-
	10,018	51,974
2003 Special Assessment Debt Service Fund:		
General Fund	51,974	-
Sewer Enterprise Fund:		
General Fund	-	10,000
Trust Account Agency Fund:		
General Fund	-	18
Total All Funds	\$ 61,992	\$ 61,992

The \$10,000 due from the Sewer Enterprise Fund to the General Fund is a prior year advance made to finance sewer improvements and will be repaid when the final transfer of the Sewer System to the City of Grand Rapids is complete in the 2004-05 fiscal year. The \$51,974 due from the General Fund to the 2003 Special Assessment Debt Service Fund represents initial payments received on the special assessment roll of benefiting property owners that was deposited in the General Fund in error when the Comstock Street Construction Project was completed and closed. The \$18 due from the Trust Account Agency Fund to the General Fund represents interest earnings not transferred at March 31, 2004.

WRIGHT TOWNSHIP
Notes to Financial Statements
March 31, 2004

Note F – Transfers From/To Other Funds

Transfers between funds during the year ended March 31, 2004 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Debt Service Funds:		
2003 General Obligation Debt Service Fund	\$ -	\$ 26,711
Capital Projects Fund:		
Comstock Street Project Capital Projects Fund	87,889	-
Trust Fund:		
Cemetery Perpetual Care Fund	183	-
	<hr/>	<hr/>
Total General Fund	88,072	26,711
	<hr/>	<hr/>
Debt Service Funds		
2003 General Obligation Fund:		
General Fund	26,711	-
Capital Projects Fund		
Comstock Street Improvement Fund:		
General Fund	-	87,889
Trust Fund		
Cemetery Perpetual Care Fund:		
General Fund	-	183
	<hr/>	<hr/>
Total All Funds	\$ 114,783	\$ 114,783
	<hr/>	<hr/>

The Comstock Street Fund transfer to the General Fund was made to repay the amounts advanced to the project in prior years for legal, engineering and other costs. The Cemetery Perpetual Care transfer to the General Fund was made to pay over the annual interest earned by the Trust Fund. The General Fund transfer to the 2003 General Obligation Debt Service Fund represents the annual contribution requirement of the General Fund for debt service as detailed in the bond covenant.

Note G – Receivables

Amounts shown as accounts receivable of the Sewer Enterprise Fund consist of current and delinquent sewer usage charges.

Amounts due from the general property tax roll represent sewer bills that are delinquent six months as of September 1 each year and are certified to the general property tax roll as of that date together with interest at 6% per annum. These amounts are then included with the general property taxes which become due and payable December 1 each year and become a lien on the property as of that date.

Special assessments receivable of the 2003 Special Assessment Debt Service Fund were assessed on benefiting property owners on Comstock Street and will be used for wastewater collection system improvements. This receivable is offset by deferred revenue which will be recognized as the annual assessments are collected.

WRIGHT TOWNSHIP
Notes to Financial Statements
March 31, 2004

Note H – General Fixed Assets

A summary of changes in general fixed assets follows:

	Balances April 1, 2003	Additions	Deductions	Balances March 31, 2004
Land	\$ 37,400	\$ —	\$ —	\$ 37,400
Buildings	217,290	5,300	—	222,590
Furniture and equipment	58,840	—	—	58,840
	<u>\$ 313,530</u>	<u>\$ 5,300</u>	<u>\$ —</u>	<u>\$ 318,830</u>

Note I – Proprietary Fund Fixed Assets

Fixed assets of the Sewer Enterprise Fund are detailed as follows:

Land	\$ 10,000
Sewer facilities	435,050
Less accumulated depreciation	<u>(419,548)</u>
Net fixed assets	<u>\$ 25,502</u>

Note J – Accounts Payable

Accounts payable of the Sewer Enterprise Fund represent operating expenses incurred during the first quarter of 2004 but not paid until subsequent to the close of the Township's fiscal year.

Note K – Long-Term Debt

Changes in long-term debt for the year ended March 31, 2004 are summarized as follows:

	Debt Outstanding April 1, 2003	Debt Added	Debt Retired	Debt Outstanding March 31, 2004
General Long-Term Debt				
General Obligation Bonds:				
May 1, 2003	\$ 370,000	\$ -	\$ 10,000	\$ 360,000
Special Assessment Bonds:				
May 1, 2003	125,000	-	10,000	115,000
Total General Long-Term Debt	<u>495,000</u>	<u>-</u>	<u>20,000</u>	<u>475,000</u>
Enterprise Fund Debt				
Sewage Disposal Revenue Bonds:				
June 19, 1968	29,000	-	29,000	-
Total Long-Term Debt	<u>\$ 524,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 475,000</u>

WRIGHT TOWNSHIP
Notes to Financial Statements
March 31, 2004

The following is a summary of the debt outstanding of the Township at March 31, 2004. Both bond issues were utilized to finance a portion of the sewer and street improvements included in the Comstock Street Improvement Project.:

	<u>Total Due</u>	<u>Amount Due Within One Year</u>
Bonds Payable:		
\$380,000 General Obligation Limited Tax Bonds dated May 1, 2003, due in annual installments of \$10,000 to \$30,000 through October 1, 2019; interest from 4.15% to 5.25%	\$ 360,000	\$ 10,000
\$130,000 Special Assessment Bonds dated May 1, 2003, due in annual installments of \$5,000 to \$10,000 through October 1, 2016; interest from 4.15% to 5.10%	115,000	10,000
Total Long-Term Debt	<u>\$ 475,000</u>	<u>\$ 20,000</u>

The annual requirements to amortize all long-term debt outstanding at March 31, 2004 are detailed as follows:

<u>Year Ended March 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 20,000	\$ 22,150	\$ 42,150
2006	25,000	21,216	46,216
2007	25,000	20,179	45,179
2008	25,000	19,142	44,142
2009	25,000	18,104	43,104
2010	25,000	17,047	42,047
2011	25,000	15,954	40,954
2012	30,000	14,708	44,708
2013	30,000	13,305	43,305
2014	30,000	11,865	41,865
2015	25,000	10,513	35,513
2016	25,000	9,256	34,256
2017	30,000	7,860	37,860
2018	25,000	6,452	31,452
2019	25,000	5,158	30,158
2020	25,000	3,851	28,851
2021	30,000	2,399	32,399
2022	30,000	802	30,802
	<u>\$ 475,000</u>	<u>\$ 219,961</u>	<u>\$ 694,961</u>

WRIGHT TOWNSHIP
Notes to Financial Statements
March 31, 2004

Note L – Segment Information for Enterprise Fund

The Township maintains one Enterprise Fund which provides sewer services. Segment information for the year ended March 31, 2004 is as follows:

	<u>Sewer Fund</u>
Operating revenues	\$ 70,190
Depreciation	11,986
Operating income (loss)	(28,889)
Nonoperating revenues (expenses)	82,459
Net income (loss)	53,570
Contributed capital additions (deductions)	-
Fixed asset additions (deletions)	-
Net working capital	160,867
Total equity:	
Contributed capital	218,592
Retained earnings (deficit)	(32,223)

Note M – Deficit Fund Balances/Retained Earnings

The Township has an accumulated deficit in the Sewer Enterprise Fund.

The retained earnings deficit of the Sewer Enterprise Fund arises because while depreciation expense (on the sewer facilities of the fund) is deducted as an operating expense of the fund, the recovery of this cost is not built in to the quarterly user charge being paid by those residents benefiting from the Wright Sewer System. The removal of accumulated depreciation as a deduction would have the effect of changing Sewer Enterprise Fund retained earnings from a deficit \$32,223 of to a positive balance of \$387,325.

Note N – Commitments and Contingencies

Wright Township (the Township) and the City of Grand Rapids (the City) have executed a Water and Sanitary Sewer Service Agreement whereby the Township will decommission its system (lagoon closure) and will connect to the City's sanitary sewer system. Part of this agreement provides that the City will make available up to \$450,000 in loans to the Township to help finance the lagoon closure, which loans will be repaid by user fees assessed on future users of the system. The Township shall develop a Lagoon Closure Plan (the Plan) and submit the Plan to the Department of Environmental Quality (the DEQ) for approval. The Plan shall, at a minimum, include a closure schedule, a characterization of wastewater and residuals in the system, and an identification of appropriate disposal methods for the residuals. The Plan shall also identify how the discharge piping will be permanently sealed/plugged, and how the wastewater transfer and discharge structures will be demolished. Following lagoon closure, the Township shall pay to the State of Michigan an additional sum to be determined. The additional sum to be paid shall be the balance of \$300,000 after the expenses of lagoon closure have been paid. The additional sum shall be at least \$10,000, but shall be no more than \$50,000. Upon receipt of the additional sum, DEQ's claim for stipulated penalties pursuant to the Administrative Consent Order shall be satisfied. It is expected that it will be less than one year before lagoon closure is completed, and the additional sum is paid.

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

WRIGHT TOWNSHIP
General Fund
Comparative Balance Sheet
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Deposits	\$ 728,311	\$ 460,962
Investments	130,752	178,770
Taxes receivable	25,128	27,270
Due from other funds	10,018	10,018
Due from other governmental units	32,051	38,857
Total Assets	<u><u>\$ 926,260</u></u>	<u><u>\$ 715,877</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 4,697	\$ 4,445
Due to other funds	51,974	10,000
Payroll withholdings payable	-	582
Total Liabilities	<u>56,671</u>	<u>15,027</u>
Fund Balances		
Unreserved:		
Undesignated	<u>869,589</u>	<u>700,850</u>
Total Liabilities and Fund Balances	<u><u>\$ 926,260</u></u>	<u><u>\$ 715,877</u></u>

WRIGHT TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2004
With comparative actual amounts for the year ended March 31, 2003

	2004			2003
	Budget	Actual	Variance- Favorable (Unfavorable)	Actual
Revenues				
Taxes:				
Current property taxes	\$ 85,000	\$ 85,254	\$ 254	\$ 82,254
Fire protection taxes	51,000	49,603	(1,397)	48,084
Road millage	321,000	308,001	(12,999)	297,717
Delinquent property taxes	-	3,133	3,133	208
Industrial facilities taxes	3,200	12,078	8,878	5,556
Trailer fees	160	164	4	124
Penalties and interest on taxes	600	1,223	623	1,032
	460,960	459,456	(1,504)	434,975
Licenses and permits:				
Cable television fees	250	555	305	289
Liquor license fee	-	805	805	-
Building, mechanical and electrical permits	12,000	14,420	2,420	17,851
Site plan reviews	-	45	45	290
Soil erosion fees	800	1,000	200	1,000
Land division applications	225	675	450	900
Dog licenses	70	-	(70)	61
Special use permits	-	200	200	-
	13,345	17,700	4,355	20,391
State sources:				
Sales taxes	250,000	252,028	2,028	273,055
Other State shared revenue	-	1,217	1,217	-
	250,000	253,245	3,245	273,055
Charges for services:				
Planning commission fees	-	-	-	500
Board of appeals fees	400	600	200	600
Summer tax collection fees	5,500	4,968	(532)	1,744
Property tax abatement fees	-	-	-	500
Cemetery grave openings	-	-	-	121
Sale of cemetery lots	1,800	1,000	(800)	650
Sale of printed materials	90	335	245	299
	7,790	6,903	(887)	4,414
Fines and forfeitures:				
Ordinance fines	150	70	(80)	376
Interest and rentals:				
Interest on deposits and investments	3,500	5,674	2,174	7,918
Other revenue:				
Insurance reimbursements	-	-	-	6,590
Sewer expense reimbursement	-	1,507	1,507	1,517
Refunds of expenditures	1,260	1,982	722	3,331
	1,260	3,489	2,229	11,438
Total Revenues	737,005	746,537	9,532	752,567

(Continued)

WRIGHT TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2004
With comparative actual amounts for the year ended March 31, 2003

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Actual</u>
Expenditures				
Current:				
Legislative:				
Township board	\$ 6,000	\$ 3,374	\$ 2,626	\$ 4,265
General government:				
Supervisor	19,000	18,013	987	17,899
Elections	7,000	144	6,856	5,358
Assessor	16,000	15,677	323	14,418
Legal and audit	31,000	23,306	7,694	28,886
Clerk	18,000	16,978	1,022	17,938
Board of review	1,200	737	463	704
General administration	25,000	22,093	2,907	19,989
Treasurer	23,000	23,432	(432)	21,480
Buildings and grounds	20,000	17,015	2,985	24,661
Cemetery	15,000	8,677	6,323	12,549
Total general government	175,200	146,072	29,128	163,882
Public safety:				
Law enforcement	-	-	-	6,079
Fire protection	125,000	124,187	813	115,079
Inspections	25,000	14,366	10,634	15,823
Planning and zoning	15,500	13,842	1,658	15,380
Total public safety	165,500	152,395	13,105	152,361
Public works:				
Drains	27,100	6,457	20,643	13,499
Highways, streets and bridges	363,000	301,555	61,445	347,979
Street lighting	7,400	5,379	2,021	5,374
Sewer	3,000	2,748	252	4,419
Total public works	400,500	316,139	84,361	371,271
Recreation and cultural:				
Parks and recreation	-	-	-	2
Other township	24,100	21,179	2,921	28,145
Total Expenditures	<u>771,300</u>	<u>639,159</u>	<u>132,141</u>	<u>719,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(34,295)</u>	<u>107,378</u>	<u>141,673</u>	<u>32,641</u>

(Continued)

WRIGHT TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2004
With comparative actual amounts for the year ended March 31, 2003

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Actual</u>
Other Financing Sources (Uses)				
Operating transfers in	\$ -	\$ 88,072	\$ 88,072	\$ 121
Operating transfers out	(27,000)	(26,711)	289	(26,538)
Total Other Financing Sources (Uses)	<u>(27,000)</u>	<u>61,361</u>	<u>88,361</u>	<u>(26,417)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(61,295)	168,739	230,034	6,224
Fund Balances, April 1	<u>700,850</u>	<u>700,850</u>	<u>-</u>	<u>694,626</u>
Fund Balances, March 31	<u><u>\$ 639,555</u></u>	<u><u>\$ 869,589</u></u>	<u><u>\$ 230,034</u></u>	<u><u>\$ 700,850</u></u>

WRIGHT TOWNSHIP
General Fund
Comparative Statement of Expenditures
For the years ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Current:		
Legislative:		
Township board:		
Salaries	\$ 3,335	\$ 3,856
Mileage	33	162
Miscellaneous	6	247
Total legislative	<u>3,374</u>	<u>4,265</u>
General government:		
Supervisor:		
Salary	16,500	16,500
Supplies	87	-
Mileage	847	634
Education and training	472	705
Dues and memberships	100	-
Miscellaneous	7	60
	<u>18,013</u>	<u>17,899</u>
Elections:		
Salaries	-	2,916
Office supplies	144	302
Contracted services	-	1,329
Printing and publishing	-	432
Miscellaneous	-	379
	<u>144</u>	<u>5,358</u>
Assessor:		
Salary	14,277	13,167
Office supplies	55	54
Contracted services	1,325	175
Printing and publishing	-	794
Dues and memberships	20	20
Miscellaneous	-	208
	<u>15,677</u>	<u>14,418</u>
Legal and audit:		
Legal fees	12,876	18,656
Audit fees	10,430	10,230
	<u>23,306</u>	<u>28,886</u>
Clerk:		
Salaries:		
Clerk	15,090	16,992
Deputy	1,162	-
Office supplies	87	155
Mileage	122	600
Education and training	477	130
Dues and memberships	40	40
Miscellaneous	-	21
	<u>16,978</u>	<u>17,938</u>
Board of review:		
Salaries	540	600
Office supplies	-	91
Printing and publishing	197	13
	<u>737</u>	<u>704</u>

(Continued)

WRIGHT TOWNSHIP
General Fund
Comparative Statement of Expenditures
For the years ended March 31, 2004 and 2003

	2004	2003
General administration:		
Clerical salary	\$ 3,606	\$ 4,608
Office supplies	3,514	3,716
Equipment repair and maintenance	3,951	1,612
Office cleaning	1,301	1,178
Mileage	396	32
Printing and publishing	5,256	4,317
Dues and memberships	1,789	2,656
Other	655	1,870
Furniture and equipment	1,625	-
	22,093	19,989
Treasurer:		
Salaries:		
Treasurer	15,000	14,470
Deputy	820	274
Office supplies	1,973	923
Property tax administration system	4,652	4,704
Mileage	593	243
Education and training	165	355
Dues and memberships	55	55
Miscellaneous	174	456
	23,432	21,480
Buildings and grounds:		
Maintenance supplies	291	307
Contracted services	2,362	2,538
Telephone	2,476	2,735
Utilities	5,832	7,161
Building maintenance	754	395
Building improvements	5,300	11,525
	17,015	24,661
Cemetery:		
Grounds maintenance	8,677	12,549
Total general government	146,072	163,882
Public safety:		
Law enforcement:		
COPS program	-	6,079
Fire protection:		
Fire board salaries	240	360
Contributions to Tallmadge Township	72,100	68,700
Fire millage payment to Tallmadge Township	51,503	45,429
Telephone	344	413
Miscellaneous	-	177
	124,187	115,079
Inspections:		
Contracted inspection services	14,366	15,823

(Continued)

WRIGHT TOWNSHIP
General Fund
Comparative Statement of Expenditures
For the years ended March 31, 2004 and 2003

	2004	2003
Planning and zoning:		
Planning commission fees	\$ 3,742	\$ 3,040
Zoning board of appeals	940	1,280
Contracted services	2,926	7,747
Office supplies	5,272	3,136
Travel and expenses	5	51
Printing and publishing	931	126
Miscellaneous	26	-
	<u>13,842</u>	<u>15,380</u>
Total public safety	<u>152,395</u>	<u>152,361</u>
Public works:		
Drains:		
Drain maintenance	6,457	13,499
Highways, streets and bridges:		
Road construction	267,469	311,804
Dust layer	34,086	36,175
	<u>301,555</u>	<u>347,979</u>
Street lighting:		
Utilities	5,379	5,374
Sewer:		
Salaries	1,050	1,750
Engineering fees	466	615
Urban cooperation board	1,232	2,054
	<u>2,748</u>	<u>4,419</u>
Total public works	<u>316,139</u>	<u>371,271</u>
Recreation and cultural:		
Parks and recreation:		
Miscellaneous	-	2
Other township:		
Social Security taxes	5,963	5,987
Contracted services	1,775	10,734
Community service contribution	3,001	2,217
Insurance and bonds	10,244	9,207
Property tax refunds	196	-
Total other township	<u>21,179</u>	<u>28,145</u>
Total Expenditures	<u>\$ 639,159</u>	<u>\$ 719,926</u>

DEBT SERVICE FUNDS

To account for the payment of bonds sold to finance street and sewer construction projects. Financing is provided by General Fund contributions, special assessments, interest on special assessments, and interest earnings.

WRIGHT TOWNSHIP
Debt Service Funds
Combining Balance Sheet
March 31, 2004

With comparative totals for March 31, 2003

Total Assets for March 31, 2003

Assets	2003 General Obligation	2003 Special Assessment	Totals	
			2004	2003
Cash	\$ -	\$ 707	\$ 707	\$ 3,068
Special assessments receivable	-	84,983	84,983	93,619
Due from other funds	-	51,974	51,974	51,974
Total Assets	<u>\$ -</u>	<u>\$ 137,664</u>	<u>\$ 137,664</u>	<u>\$ 148,661</u>
Liabilities and Fund Balances				
Liabilities				
Deferred revenue	\$ -	\$ 84,983	\$ 84,983	\$ 93,619
Fund Balances				
Reserved for debt service	-	52,681	52,681	55,042
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 137,664</u>	<u>\$ 137,664</u>	<u>\$ 148,661</u>

WRIGHT TOWNSHIP
Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended March 31, 2004
With comparative totals for the year ended March 31, 2003

	2003 General Obligation	2003 Special Assessment	Totals	
			2004	2003
Revenues				
Interest and rentals:				
Interest on special assessments	\$ -	\$ 5,522	\$ 5,522	\$ 3,745
Other revenue:				
Special assessments	-	8,636	8,636	43,818
Total Revenues	-	14,158	14,158	47,563
Expenditures				
Debt service:				
Principal repayment	10,000	10,000	20,000	15,000
Interest and fiscal charges	17,645	5,585	23,230	21,705
Total Expenditures	27,645	15,585	43,230	36,705
Excess (Deficiency) of Revenues Over Expenditures	(27,645)	(1,427)	(29,072)	10,858
Other Financing Sources				
Operating transfers in	26,711	-	26,711	28,406
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources	(934)	(1,427)	(2,361)	39,264
Fund Balances, April 1	934	54,108	55,042	15,778
Fund Balances, March 31	\$ -	\$ 52,681	\$ 52,681	\$ 55,042

CAPITAL PROJECTS FUND

Comstock Street Construction - to account for grant proceeds, bond proceeds, connection charges and contributions for use in the Comstock Street improvement project.

WRIGHT TOWNSHIP
Comstock Street Capital Projects Fund
Comparative Balance Sheet
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Cash	<u>\$ -</u>	<u>\$ 81,978</u>
Liabilities and Fund Balances		
Liabilities		
Due to other funds	<u>\$ -</u>	<u>\$ 41,974</u>
Fund Balances		
Reserved for capital outlay	<u>-</u>	<u>40,004</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 81,978</u>

WRIGHT TOWNSHIP
Comstock Street Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues		
Federal sources:		
Community development block grant	\$ 74,622	\$ 338,932
Interest and rentals:		
Interest on investments	-	1,868
Other revenue:		
Connection charges	-	9,400
Contributions	-	40,000
Total Revenues	<u>74,622</u>	<u>390,200</u>
Expenditures		
Capital outlay:		
Legal fees	-	3,876
Audit fees	1,500	-
Engineering fees	-	106,095
Road/sewer construction	25,237	725,088
Bond issuance costs	-	12,486
Bond discount	-	10,200
Total Expenditures	<u>26,737</u>	<u>857,745</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>47,885</u>	<u>(467,545)</u>
Other Financing Sources (Uses)		
Bond proceeds	-	510,000
Operating transfers out	(87,889)	(1,868)
Total Other Financing Sources (Uses)	<u>(87,889)</u>	<u>508,132</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(40,004)	40,587
Fund Balances, April 1	<u>40,004</u>	<u>(583)</u>
Fund Balances, March 31	<u><u>\$ -</u></u>	<u><u>\$ 40,004</u></u>

ENTERPRISE FUND

Sewer Enterprise - to account for the provision of sewer services to the residents of the Township. Activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, maintenance, administration and billing and collection.

WRIGHT TOWNSHIP
Sewer Enterprise Fund
Comparative Balance Sheet
March 31, 2004 and 2003

Assets	2004	2003
Current Assets		
Cash	\$ 43,581	\$ 26,738
Deposits	119,017	137,607
Accounts receivable	63,775	27,384
Due from property tax roll	2,689	2,415
Total Current Assets	<u>229,062</u>	<u>194,144</u>
Fixed Assets		
Land	10,000	10,000
Sewer system	435,050	435,050
Total Fixed Assets	<u>445,050</u>	<u>445,050</u>
Less accumulated depreciation	<u>(419,548)</u>	<u>(407,562)</u>
Net Fixed Assets	<u>25,502</u>	<u>37,488</u>
Total Assets	<u><u>\$ 254,564</u></u>	<u><u>\$ 231,632</u></u>
Liabilities and Fund Equity		
Liabilities		
Current liabilities (payable from current assets):		
Accounts payable	\$ 12,251	\$ 59,518
Due to other funds	10,000	10,000
Due to other governmental units	45,944	-
Accrued interest payable	-	315
Current portion of bonds payable	<u>-</u>	<u>29,000</u>
Total Liabilities	<u>68,195</u>	<u>98,833</u>
Fund Equity		
Contributed capital	218,592	218,592
Retained earnings:		
Unreserved	<u>(32,223)</u>	<u>(85,793)</u>
Total Fund Equity	<u>186,369</u>	<u>132,799</u>
Total Liabilities and Fund Equity	<u><u>\$ 254,564</u></u>	<u><u>\$ 231,632</u></u>

WRIGHT TOWNSHIP
Sewer Enterprise Fund
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings
For the years ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating Revenues		
Charges for services:		
Sewer usage charges	\$ 68,527	\$ 80,145
Permits and inspections	400	-
Penalties	<u>1,263</u>	<u>2,873</u>
Total Operating Revenues	<u>70,190</u>	<u>83,018</u>
Operating Expenses		
Salaries	1,400	1,400
Social Security taxes	107	117
Office supplies	282	393
Legal fees	5,165	14,960
Engineering fees	53,750	15,079
Insurance and bonds	-	250
Utilities	1,892	1,597
Repair and maintenance	24,497	19,823
Depreciation	<u>11,986</u>	<u>11,986</u>
Total Operating Expenses	<u>99,079</u>	<u>65,605</u>
Operating Income (Loss)	<u>(28,889)</u>	<u>17,413</u>
Nonoperating Revenues (Expenses)		
Reimbursement of expenses	81,862	-
Interest income	597	896
Interest expense	-	(1,515)
Engineering fees settlement	<u>-</u>	<u>(52,500)</u>
Total Nonoperating Revenues (Expenses)	<u>82,459</u>	<u>(53,119)</u>
Net Income (Loss)	53,570	(35,706)
Retained Earnings, April 1	<u>(85,793)</u>	<u>(50,087)</u>
Retained Earnings, March 31	<u><u>\$ (32,223)</u></u>	<u><u>\$ (85,793)</u></u>

TRUST AND AGENCY FUNDS

Cemetery Perpetual Care — to account for cemetery perpetual care deposits and interest earnings to be used for Township cemetery grounds maintenance

Trust Account Agency — to account for the collection of bonds and deposits and payment to the governmental units or other persons entitled to receive these funds.

Tax Account Agency — to account for the collection of current and delinquent property taxes and payment to the governmental units or other persons entitled to receive these funds.

WRIGHT TOWNSHIP
Trust and Agency Funds
Combining Balance Sheet
March 31, 2004
With comparative totals for March 31, 2003

	Nonexpendable	Agency	
	Trust		
	Cemetery		
	Perpetual Care	Trust	Tax
	Trust	Account	Account
Assets			
Cash	\$ -	\$ 13,949	\$ -
Deposits	11,048	-	8,393
Total Assets	\$ 11,048	\$ 13,949	\$ 8,393
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 18	\$ -
Due to other governmental units	-	-	8,393
Escrow deposits	-	13,931	-
Total Liabilities	-	13,949	8,393
Fund Balances			
Reserved for cemetery perpetual care	11,048	-	-
Total Liabilities and Fund Balances	\$ 11,048	\$ 13,949	\$ 8,393

Totals	
2004	2003
\$ 13,949	\$ 15,846
19,441	14,058
<u>\$ 33,390</u>	<u>\$ 29,904</u>

\$ 18	\$ 18
8,393	607
<u>13,931</u>	<u>15,828</u>
<u>22,342</u>	<u>16,453</u>
 11,048	 13,451
<u>\$ 33,390</u>	<u>\$ 29,904</u>

WRIGHT TOWNSHIP
All Agency Funds
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the year ended March 31, 2004

	Balances April 1, 2003	Additions	Deductions	Balances March 31, 2004
Trust Account Fund				
Assets				
Cash	\$ 15,846	\$ 15,464	\$ 17,361	\$ 13,949
Liabilities				
Escrow deposits	\$ 15,828	\$ 14,483	\$ 16,380	\$ 13,931
Due to other funds	18	164	164	18
Due to other governmental units	-	817	817	-
Total Liabilities	\$ 15,846	\$ 15,464	\$ 17,361	\$ 13,949
Tax Account Fund				
Assets				
Deposits	\$ 607	\$ 2,521,045	\$ 2,513,259	\$ 8,393
Liabilities				
Accounts payable	\$ -	\$ 9,552	\$ 9,552	\$ -
Due to other funds	-	441,632	441,632	-
Due to other governmental units	607	2,069,861	2,062,075	8,393
Total Liabilities	\$ 607	\$ 2,521,045	\$ 2,513,259	\$ 8,393
Totals - All Agency Funds				
Assets				
Cash	\$ 15,846	\$ 15,464	\$ 17,361	\$ 13,949
Deposits	607	2,521,045	2,513,259	8,393
Total Assets	\$ 16,453	\$ 2,536,509	\$ 2,530,620	\$ 22,342
Liabilities				
Accounts payable	\$ -	\$ 9,552	\$ 9,552	\$ -
Escrow deposits	15,828	14,483	16,380	13,931
Due to other funds	18	441,796	441,796	18
Due to other governmental units	607	2,070,678	2,062,892	8,393
Total Liabilities	\$ 16,453	\$ 2,536,509	\$ 2,530,620	\$ 22,342

WRIGHT TOWNSHIP
Tax Account Agency Fund
Statement of Cash Receipts and Disbursements
For the year ended March 31, 2004

Deposits, April 1, 2003			\$ 607
Cash Receipts			
Current and delinquent taxes, penalties, collection fees and dog licenses	\$ 2,521,036		
Interest on deposits	9	2,521,045	
Total Available Balances			2,521,652
Cash Disbursements			
Current ad valorem taxes and charges:			
Ottawa County:			
Operating	\$ 327,912		
Drains	8,284		
State education tax	400,396		
Northeast Ottawa Library District	46,340		
Kent Intermediate School District	100,628		
Ottawa Intermediate School District	224,703		
Grand Rapids Community College	47,428		
Coopersville Public Schools	515,906		
Kenowa Hills Public Schools	276,839		
Sparta Area Schools	9,428		
Wright Township:			
Operating	80,417		
Fire protection	46,789		
Roads	290,525		
Delinquent sewer usage	7,458	2,383,053	
Industrial facilities taxes:			
State of Michigan	60,123		
Ottawa County	8,935		
Northeast Ottawa Library District	1,263		
Kent Intermediate School District	5,094		
Ottawa Intermediate School District	3,398		
Grand Rapids Community College	2,401		
Coopersville Public Schools	6,547		
Kenowa Hills Public Schools	4,838		
Wright Township:			
Operating	2,191		
Fire protection	1,275		
Roads	7,916	103,981	
Interest and penalties:			
State of Michigan	681		
Kent Intermediate School District	154		
Grand Rapids Community College	73		
Kenowa Hills Public Schools	368		
Wright Township	819	2,095	

(Continued)

WRIGHT TOWNSHIP
Tax Account Agency Fund
Statement of Cash Receipts and Disbursements
For the year ended March 31, 2004

Cash Disbursements (continued)

Delinquent personal property taxes and interest:

State of Michigan	\$	971	
Ottawa County		3,019	
Northeast Ottawa Library District		429	
Kent Intermediate School District		458	
Ottawa Intermediate School District		180	
Grand Rapids Community College		216	
Coopersville Public Schools		1,103	
Kenowa Hills Public Schools		2,584	
Wright Township		4,233	
			\$ 13,193

Interest earned - General Fund

9

Dog licenses - Ottawa County Treasurer

1,350

Refunds

9,578

\$ 2,513,259

Deposits, March 31, 2004

\$ 8,393

OTHER INFORMATION

WRIGHT TOWNSHIP
Schedule of Deposits and Investments
March 31, 2004

General Fund

Comerica Bank:

Business Interest Checking Account	\$ 592,166	
Business Statement Savings Accounts	46,432	
Business Money Market Investment Account	<u>50,475</u>	\$ 689,073

Fifth Third Bank:

Certificate of Deposit:

August 27, 2003, 2.86%, August 17, 2004		39,238
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Bank One:

Pooled Investment Account	20,202	
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Huntington National Bank:

Pooled Investment Account	<u>110,550</u>	<u>130,752</u>
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Total General Fund

\$ 859,063

Sewer Enterprise Fund

Comerica Bank:

Business Interest Checking Account		73,081
Business Statement Savings Account		<u>45,936</u>

Total Sewer Enterprise Fund

119,017

Trust and Agency Funds

Cemetery Perpetual Care:

Comerica Bank:

Business Statement Savings Account	968	
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Certificate of Deposit:

November 13, 2003, 1.74% August 16, 2004	<u>10,080</u>	11,048
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Tax Account Agency Fund:

Comerica Bank:

Business Statement Savings Account		<u>8,393</u>
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Total Trust and Agency Funds

19,441

Total All Funds

\$ 997,521

WRIGHT TOWNSHIP
Summary of 2003 Taxes Levied and Collected
For the year ended March 31, 2004

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<u>Ad Valorem Taxes</u>					
Ottawa County					
Operating	\$ 83,829,433	4.1611	\$ 348,797	\$ 20,884	\$ 327,913
Drains	8,327,095		8,393	109	8,284
Total Ottawa County			357,190	20,993	336,197
Northeast Ottawa Library District	83,829,433	0.5881	49,291	2,951	46,340
State Education Tax					
Coopersville Public Schools	56,163,560	5.0000	280,815	13,166	267,649
Kenowa Hills Public Schools	26,186,597	5.0000	130,932	5,581	125,351
Sparta Area Schools	1,479,276	5.0000	7,396	-	7,396
Total State Education Tax			419,143	18,747	400,396
School Districts					
Kent Intermediate School District	27,665,873	3.7903	104,859	4,231	100,628
Ottawa Intermediate School District	56,163,560	4.2305	237,594	12,891	224,703
Grand Rapids Community College	27,665,873	1.7865	49,422	1,994	47,428
Coopersville Public Schools:					
Other	56,163,560	8.1500	457,727	24,834	432,893
Operating	4,973,656	18.0000	91,606	7,726	83,880
Kenowa Hills Public Schools:					
Other	26,186,597	3.6000	94,270	4,019	90,251
Operating	11,216,963	18.0000	201,905	12,669	189,236
Sparta Area Schools:					
Other	1,479,276	4.6152	6,826	-	6,826
Operating	146,900	17.7084	2,601	-	2,601
Total School Districts			1,246,810	68,364	1,178,446
Wright Township	83,829,433				
Operating		1.0205	85,539	5,122	80,417
Fire protection		0.5938	49,769	2,980	46,789
Roads		3.6865	309,028	18,503	290,525
Delinquent sewer usage			10,147	2,689	7,458
Total Township			454,483	29,294	425,189
Total Ad Valorem Taxes			<u>\$2,526,917</u>	<u>\$ 140,349</u>	<u>\$ 2,386,568</u>

(Continued)

WRIGHT TOWNSHIP
Summary of 2003 Taxes Levied and Collected
For the year ended March 31, 2004

<u>Tax Abatements</u>	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
Industrial Facilities (P.A. 198) New					
Ottawa County	\$ 4,294,500	2.08055	\$ 8,935	\$ -	\$ 8,935
Ottawa District Library	4,294,500	0.29405	1,263	-	1,263
State Education Tax					
Coopersville Public Schools	1,606,500	2.50000	8,033	-	8,033
Kenowa Hills Public Schools	2,688,000	2.50000	13,440	-	13,440
Kent Intermediate School District	2,688,000	1.89515	5,094	-	5,094
Ottawa Intermediate School District	1,606,500	2.11525	3,398	-	3,398
Grand Rapids Community College	2,688,000	0.89325	2,401	-	2,401
Coopersville Public Schools					
Operating	1,606,500	4.07500	6,546	-	6,546
Other	1,606,500	9.00000	14,459	-	14,459
Kenowa Hills Public Schools					
Operating	2,688,000	1.80000	4,838	-	4,838
Other	2,688,000	9.00000	24,192	-	24,192
Wright Township	4,294,500				
Operating		0.51025	2,191	-	2,191
Fire protection		0.29690	1,275	-	1,275
Roads		1.84325	7,916	-	7,916
Total Industrial Facilities (P.A. 198) NEW			<u>\$ 103,981</u>	<u>\$ -</u>	<u>\$ 103,981</u>

Hungerford, Aldrin,
Nichols & Carter, PC
CPAs AND CONSULTANTS

Shareholder

Clifford A. Aldrin, CPA
Jerry W. Nichols, CPA
Daniel L. Carter, CPA
Richard L. Chrisman, CPA
Peggy A. Murphy, CPA
Phillip W. Sauman, CPA
Mitchell C. Burgers, CPA
Carla A. Grant, CPA
Thomas C. Prince, CPA

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 21, 2004

The Township Board
Wright Township
Ottawa County, Michigan

We have audited the general purpose financial statements of Wright Township as of and for the year ended March 31, 2004, and have issued our report thereon dated June 21, 2004. We conducted our audit in accordance with accounting standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wright Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination or financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wright Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Township Board, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants



Member
Accountants Global
Network International

Centennial Park East 2910 Lucerne Drive, S.E. Suite 200 Grand Rapids, Michigan 49546-7175
Phone: (616) 949-3200 Fax: (616) 949-7720 E-Mail: postmaster@hanc.com

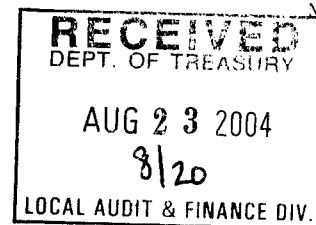
Hungerford, Aldrin,
Nichols & Carter, PC
CPAs AND CONSULTANTS

Shareholder

Clifford A. Aldrin, CPA
Jerry W. Nichols, CPA
Daniel L. Carter, CPA
Richard L. Chrisman, CPA
Peggy A. Murphy, CPA
Phillip W. Saurman, CPA
Mitchell C. Burgers, CPA
Carla A. Grant, CPA
Thomas C. Prince, CPA

June 21, 2004

The Township Board
Wright Township
Ottawa County, Michigan



The following comments pertain to our audit of the financial records of Wright Township as of and for the year ended March 31, 2004. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments)

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Wright Township.



Member
Accountants Global
Network International

Centennial Park East 2910 Lucerne Drive, S.E. Suite 200 Grand Rapids, Michigan 49546-7175
Phone: (616) 949-3200 Fax: (616) 949-7720 E-Mail: postmaster@hanc.com

Auditors Responsibility Under Generally Accepted Auditing Standards

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

Significant Accounting Policies

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped into three broad fund-type categories as follows:

Governmental Fund Types—The General, Debt Service and Capital Projects Funds are used to allocate Township resources based upon the purpose for which they are to be spent. These funds are accounted for using the modified accrual basis of accounting.

Proprietary Fund Types—The Sewer Enterprise Fund is used to allocate the resources of the Township utility system that is financed and operated in a manner similar to private business enterprises. This fund is accounted for using the accrual basis of accounting.

Fiduciary Fund Types—Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other groups.

Fixed assets and long-term liabilities are accounted for in account groups, rather than in the governmental funds.

General Fixed Assets—Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Capital outlays in these funds are included as expenditures in the year of purchase in the purchasing fund and also added to the balance of General Fixed Assets in the Account Group.

Proprietary Fixed Assets—Fixed assets used in enterprise fund type operations are capitalized in the year of purchase in the purchasing fund and depreciation expense is recorded over the estimated useful lives of the assets using the straight-line method.

General Long-Term Debt—Expenditures recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in performing our audit of the financial records of the Township of Wright. We found the internal control structure and accounting system to be basically adequate and operating in the manner intended. We did spend additional time during the year and prior to audit field work correcting and reconciling the computer accounting system records.

Significant Audit Adjustments

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements.

General Fund

1. \$27,270 and \$25,128 to reverse and accrue prior and current year end taxes receivable.
2. \$10,614 to correct the allocation of property tax collections for the year.
3. \$32,051 to record the May, 2004 state revenue sharing payment as an account receivable at year end per State of Michigan regulations.
4. \$4,445 and \$4,697 to reverse and accrue accounts payable at year end.
5. \$41,974 to record amount due to the S/A Debt Service Fund at year end.

Sewer Enterprise Fund

1. \$11,986 to record annual depreciation expense on system assets.
2. \$59,518 and \$58,195 to reverse and accrue prior and current year end accounts payable.
3. \$29,799 and \$29,799 to reverse and accrue prior and current year end accounts receivable.

Passed Audit Adjustments

There were no adjustments proposed during the audit not recorded by Wright Township.

Consideration of Fraud in a Financial Statement Audit

The American Institute of Certified Public Accountants issued Statement of Auditing Standards (SAS) Number 99 "Consideration of Fraud in a Financial Statement Audit", effective for all audit periods beginning after December 15, 2002. SAS No. 99 applies to for-profit, non-profit and governmental entities. SAS No. 99 requires auditors to perform additional tests and procedures to obtain assurance that the financial statements are free of material misstatement. Specific tests and procedures required include a

pre-audit "brainstorming" session for the auditors, testing of client major revenue sources and journal entries, interviews with client personnel, both in and outside of the business office, and testing of a selection of those revenue/expenditure areas that were considered susceptible to fraud during the discussions and interviews. Our normal audit testing procedures for Wright Township's major revenue sources (property taxes and state revenue sharing) and journal entries already met the requirements of SAS No. 99, so there were no additional procedures necessary this year in these major testing areas.

After our brainstorming session and discussions with Township officials we chose the inspection fees receipts/disbursements process for further testing. We discussed the current inspection/permit process with the Clerk, Treasurer and Assessor to determine how the current safeguards operate to assure that all monies due the Township are collected, and that all new properties and improvements to existing properties are added to the Township assessment/tax roll. It appeared that the process in place at the Township is a complete and accurate one, and is operating as intended. We did suggest that the Clerk and/or Treasurer obtain a listing of each month's permits issued/collected, review it for accuracy and completeness, and keep a file of the monthly summaries together in a file with the other financial supporting documents for the fiscal year.

SAS No. 99 suggests that the most effective deterrent to fraud in any organization is the maintenance of a culture of honesty and high ethics, evaluating the risks of fraud and implementing steps to mitigate them, and developing an appropriate oversight process. We encourage the Township Board to pro-actively pursue this policy in the future as, unfortunately, fraud is not as uncommon in the workplace as we would wish it to be.

Suggestions And Recommendations

We offered suggestions and recommendations regarding the operations of the Township computer accounting and record keeping systems to the Clerk and Treasurer as the topics arose during the course of our audit field work. Hopefully, these suggestions will ease the day-to-day operations of the Township's business office and assist in more efficient monthly and year end financial record keeping and reporting. Other suggestions that merit identification and discussion are as follows:

1. The Township (along with all other taxing municipalities in Ottawa County) is implementing a new in-house property tax billing and administration system for the 2004 summer tax roll, independent of the County system which supported all municipalities in the County for the past many years. This new process involves a significant increase in both Township responsibility for the accuracy and integrity of the data and the level of computer hardware/software knowledge over what was required of the Township previously. It is the entire Township Board's, not just the Treasurer's, responsibility to insure that this new system works properly from start to finish. We urge the Township Board to direct the necessary time and personnel resources to this new process to insure its accuracy and success.

* * * * *

This communication is intended solely for the information and use of the Township Board, officers, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

Wright Township
June 21, 2004
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We appreciate the opportunity to provide financial auditing and advisory services to Wright Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of Wright Township Clerk and Treasurer in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants

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